

STATE OF MARYLAND CDBG PROGRAM

POLICIES AND PROCEDURES MANUAL SFY 16

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MARYLAND COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

POLICIES AND PROCEDURES MANUAL

This Policies and Procedures Manual is to provide information for all projects funded with Maryland CDBG program funds. Previous editions are obsolete.

The Maryland Community Development Block Grant Program (CDBG) is a federally funded program designed to assist county and municipal governments with activities directed toward neighborhood revitalization, housing opportunities, economic development and improved public facilities and services. Congress initiated the program in Title I of the Housing and Community Development Act of 1974 and provides funds to the State for non-entitlement areas. Non-entitlement areas are non-urban counties with populations less than 200,000 and municipalities of less than 50,000 in population.

The State of Maryland has assumed the responsibility for the administration of the program from the U.S. Department of Housing and Urban Development (HUD) and is the responsible entity for ensuring that the program is managed in compliance with regulations and requirements of CDBG and HUD. The Maryland CDBG program is administered by the Department of Housing and Community Development (DHCD).

The State provides CDBG funds primarily as gap funding for projects selected by jurisdictions to meet their needs. The funds are awarded through two categories: 1) Community Development and 2) Special Projects. DHCD awards funds for projects from the Community Development category through an annual competition. DHCD awards funds for projects from the Special Projects category on a first come, first serve basis.

The primary objectives of the Maryland CDBG program are to provide decent housing and necessary supporting infrastructure, preserve and develop viable communities through the expansion of economic opportunities, and meet the critical needs of Maryland's communities. The Maryland CDBG program provides public funds for activities that meet at least one of the following national objectives as required by Title I of the Housing and Community Development Act of 1974, as amended:

- gives maximum feasible priority to activities that will benefit low and moderate (LMI) persons and households having an income equal to or less than the Section 8 lower income limits established by HUD;
- aids in the prevention or elimination of slums or blight; or
- meets community needs that are of an urgent nature or an immediate threat to community health and welfare.

Additional Maryland CDBG program objectives include:

- revitalizing older neighborhoods and established communities;
- leveraging CDBG funds with other public assistance programs and private resources;
- directing growth to existing population centers;
- providing essential public services to low and moderate income persons;
- encouraging collaboration with Maryland State, federal and local programs focused on community development, economic development and planning efforts;

- supporting initiatives that preserve affordable homeownership; and
- supporting initiatives and activities that benefit those serving or have served in the U.S. armed forces.

The federal CDBG program regulations can be found in Title 24 of the Code of Federal Regulations (CFR) Part 570.

STATE FISCAL YEAR 2016 / FEDERAL FISCAL YEAR 2015 ALLOCATION

For SFY 2016 (FFY 2015), the State of Maryland has been awarded \$7,019,706. The allocation is divided into the following categories:

STATE OF MARYLAND CDBG ALLOCATION – SFY 2016	
State Administration (2% + \$100,000)	\$240,395
Technical Assistance (1%)	\$70,197
Community Development (67% - \$100,000)	\$4,603,203
Special Projects (30%)	\$2,105,911
TOTAL	\$7,019,706

The State will also award funds received as program income, repayments due to monitoring findings, or through recapture of unexpended grant funds. The State will match the two-percent administrative allowance with State general funds. The one percent Technical Assistance funds will be used to provide technical assistance to grantees and potential CDBG recipients.

Eligibility Requirements

To be eligible for CDBG funding, each application submitted for funding must meet the following eligibility requirements:

- The applicant is an eligible non-entitlement jurisdiction which is a municipal government with a population under 50,000 or a county government with a population of less than 200,000 (this count excludes HUD entitlement jurisdictions within the county);
- The proposed activities are eligible under Title I of the Housing and Community Development Act of 1974, as amended;
- The proposed project meets a national objective as required under 24 CFR Part 570;
- The proposed (if any) subrecipient, developer or business is eligible;
- The project is located in a Priority Funding Area, except for single family housing rehabilitation or where the Secretary of DHCD determines that the project is necessary to protect public health, to alleviate personal economic hardship in an emergency situation, to promote economically integrated housing, is consistent with an overall economic development strategy, or where an exception has been granted through the Maryland Department of Planning exception process.

A municipal or county government may submit an application on behalf of a subrecipient, housing developer or business *if they choose to do so*. It is recommended, but not required, that

municipalities and counties develop written policies which outline their processes to determine if they would submit a CDBG application on behalf of another entity.

Eligible subrecipients include:

- governmental agencies such as housing authorities or, in the case of a County, it could be a municipality;
- non-profit organizations that are corporations, associations, agencies or faith-based organizations with non-profit status under the IRS Section 501(c)(3); and
- community based development organizations (CBDOs)

Eligible housing developers are those that are not-for-profit organizations and, in some instances, for-profit entities working with non-profit partners. Applicants should refer to the HUD Guide to National Objectives and Eligible Activities or consult with CDBG staff for additional information related to activities that benefit for-profit developers.

Eligible businesses are for-profit corporations that are in good standing. They can also be non-profit organizations but the national objective may not necessarily be for the creation or retention of jobs.

If funded, the grantee will be required to execute either a Subrecipient Agreement, a Developer Agreement or a Jobs Agreement with the specific entity which binds them to the requirements and policies of the CDBG program and the grantee.

NATIONAL OBJECTIVE AND ELIGIBLE ACTIVITIES

1. **National Objective** - Title I of the Housing and Community Development Act of 1974 requires that any activity funded with Community Development Block Grant funds must meet one of the three national objectives: 1) benefit to persons of low and moderate income (LMI); 2) prevention or elimination of slum and blight; or 3) meet an urgent need that is an immediate threat to community health, safety or welfare.

Benefit to LMI Persons Thru Area Benefit Activities – For projects that benefit an entire town/city or a specific service area that has an LMI population that is 51% or greater. Examples include: construction of new water or sewer service, installation of sidewalks, and construction of flood and drainage improvements.

Benefit to LMI Persons Thru Limited Clientele Activities – For projects that benefit LMI persons that are “presumed” to be LMI or are qualified based on data about family size and income. Examples include: construction of senior centers, Head Start centers, ADA improvements to public buildings or streets, and construction of homeless shelters.

Benefit to LMI Persons Thru Housing Activities – For projects that benefit an LMI household that is qualified based on data about household size and income. Examples include: construction of new rental housing, renovation and resale of housing units, single family housing rehabilitation, and household connections to new water or sewer services.

Benefit to LMI Persons Thru Job Creation Activities – For projects that result in the creation of new jobs and at least 51% of the created jobs are taken by LMI persons. Examples include:

construction of infrastructure to support a new business, extension of rail service to an industrial park, and building improvements.

Benefit to LMI Persons Thru Job Retention Activities – For projects that result in the retention of jobs and at least 51% of the retained jobs are held by LMI persons. Use of this objective requires evidence that permanent jobs would be lost without CDBG assistance. Examples include: construction or extension of utilities, building improvements, and construction or improvements of public infrastructure.

Prevention or Elimination of Slum and Blight On A Spot Basis

Prevention or Elimination of Slum and Blight On An Area Basis

Meeting an Urgent Need – For projects that pose a serious and immediate threat to the health and welfare of a community, are of recent origin, and the other sources are not available.

Applicants seeking funds for projects that would meet the national objective of meeting an urgent need should contact CDBG program staff to determine if their project qualifies. If it is determined that it qualifies, the application would be considered under the Special Projects category. Supplemental pages would be provided for the applicant to complete regarding urgent need projects.

2. **Eligible Activities** - Activities assisted under the State CDBG program may include the following as defined more specifically in Section 105(a) of Title I of the Housing and Community Development Act of 1974 (“HCD Act of 1974”), 42 U.S.C. § 5305(a), as amended. More detailed information may be found in the HUD Guide to National Objectives and Eligible Activities.

- A. Acquisition of real property.
- B. Acquisition, construction, reconstruction, or installation of public works facilities.
- C. Code enforcement in deteriorating areas.
- D. Clearance, demolition, removal, reconstruction, and rehabilitation of buildings and improvements.
- E. Removal of material and architectural barriers which restrict mobility and accessibility of elderly or handicapped persons.
- F. Provision of a new or quantifiable increase in a public service.
- G. Payment of the non-federal share required in connection with a federal grant-in-aid program undertaken as part of the program.
- H. Relocation payments for displaced individuals, families, businesses, organizations and farm operations.
- I. Planning.
- J. Payment of reasonable administrative costs.
- K. Assistance including loans and grants for activities carried out by public or private nonprofit entities, including:
 - 1. acquisition of real property
 - 2. acquisition, construction, reconstruction, rehabilitation, or installation of:
 - a. public facilities (except for buildings for the general conduct of government), site improvements, and utilities
 - b. commercial or industrial buildings or structures.
 - 3. planning
- L. Assistance to neighborhood-based non-profit organizations, local development corporations, nonprofit organizations serving the development needs of

communities of non-entitlement areas or entities organized under Section 301(d) of the Small Business Investment Act of 1958, 15 U.S.C. § 681(d), to carry out a neighborhood revitalization or community economic development or energy conservation project.

- M. Activities necessary to the development of energy use strategies related to the recipient's development goals.
- N. Provision of assistance to private for-profit entities, when the assistance is appropriate to carry out an economic development (ED) project.
- O. Rehabilitation or development of housing assisted under former Section 17 of the United States Housing Act of 1937, 42 U.S.C. § 1437o.
- P. Housing services such as housing counseling, energy auditing, preparation of work specifications, loan processing, inspections, tenant selection, management of tenant based rental assistance.
- Q. Direct assistance to facilitate and expand homeownership among LMI persons.

INELIGIBLE ACTIVITIES: Improvements to buildings used for the general conduct of government such as city halls, county administration buildings, and police stations; political activities; equipment purchases; furnishings; and operations, maintenance, or repair of public facilities and works.

CDBG INCOME DETERMINATION AND QUALIFICATION

The CDBG regulations require that the majority of funds are expended on projects that benefit LMI persons. This benefit can be direct or indirect depending on the type of project. A person or family is considered to be LMI if their family income is 80% or less than the area median income for the county in which they reside. The exception to this is projects for housing activities which require that the income of a household be 80% or less than the area median income. HUD has provided the State with census data to be used to determine the LMI information for towns and cities. HUD also annually provides income limits to the State which must be used to determine if beneficiaries are LMI. (Income limits provided as Exhibit A)

The following provides information on income determination and qualification for CDBG funded projects:

1. Benefit to LMI Persons Thru Area Benefit Activities - For projects that benefit an entire town or city, 51% or more of the total population must be LMI. Municipal applicants are to use July 2014 data provided by the State which identifies which towns and cities have populations which are at least 51% LMI.

For projects that benefit a specific service area (ie. a street or a specific block), 51% or more of the population of that service area must be LMI. To determine this information, applicants are to conduct an income survey of the residents of the service area using the Maryland CDBG Low and Moderate Income Survey Guide. This process requires households to provide information on the number of persons in their household and the total household income through a self-certification process. Prior to implementation of a survey, applicants must discuss the survey process with

CDBG staff. The survey results must be submitted to the CDBG Program for approval prior to submission of an application. *Surveys of an entire town or city are not allowed at this time.*

2. Benefit to LMI Persons Thru Limited Clientele Activities - The majority of projects that are funded under this national objective are for persons that are “presumed” by HUD to be LMI. This includes: abused children, elderly persons, battered spouses, homeless persons, illiterate adults, persons with AIDS, migrant farmer workers, and disabled adults. For other limited clientele activities, applicants must obtain information on family size and income to demonstrate that at least 51% of the beneficiaries are persons whose family income does not exceed 80% of the area median income.

3. Benefit to LMI Persons Thru Housing Activities - The majority of projects that are funded under this national objective require that all beneficiaries are persons whose household income does not exceed 80% of the area median income. As it is a direct benefit, the household income must be verified to document that the household qualifies for assistance or participation. Housing rehabilitation or homeownership programs must be targeted specifically to LMI persons. Multi-family housing construction or renovation projects must ensure that at least 51% of the total number of units will be available for LMI persons.

4. Benefit to LMI Persons Thru Job Creation Activities - For projects that result in job creation, 51% of all jobs created are to be taken by or held by LMI persons. Each applicant for a job must provide information on the number of persons in their family and the total family income through a self-certification process.

5. Benefit to LMI Persons Thru Job Retention Activities - For projects that result in job retention, 51% of all jobs retained are to be held by LMI persons. Existing employees must provide information on the number of persons in their family and the total family income through a self-certification process.

STATE PROGRAM POLICIES

While State policies are discussed throughout this document, this section highlights several which impact activities considered by applicants.

1. Housing Rehabilitation Restriction – The CDBG Program will only accept applications for housing rehabilitation programs from county governments. The exceptions to this restriction are active municipal programs with open or recent CDBG housing rehabilitation grants and in instances where a municipality is the applicant but the activities are administered by the county government.

2. Homeownership Requirements – When using CDBG funds in conjunction with any homeownership activities: 1) no subprime mortgages are allowed for persons acquiring the houses; 2) no adjustable rate mortgages are allowed for persons acquiring the houses; 3) mortgages must be for a fixed rate for a minimum of 30 years; and 4) a minimum of 8 hours of housing counseling from a HUD approved housing counseling agency is required for persons acquiring the houses.

3. Rental Housing Requirements – When using CDBG funds for the development of rental housing, the use of CDBG funding is restricted to: 1) the acquisition of land in compliance with

49 CFR Part 24 and must be acquired after the CDBG funds are awarded; 2) construction activities that are competitively procured after the CDBG funds are awarded using the jurisdiction's procurement policy; or 3) procurement of construction materials using the jurisdiction's procurement policy.

If it is the intention of the applicants to use all or any portion of CDBG funding as a loan to the subrecipient/developer, the terms and requirements must be submitted with an application for funding and approved by the CDBG Program Office. As a reminder, any loan funds received by a grantee are considered Program Income and subject to State policies and federal requirements.

Per 24 CFR Part 570.483(b)(3), the rents charged for rental properties assisted with CDBG funding must be affordable. When funded, a grantee must adopt and make public its standards for determining "affordable rents." (A sample Affordable Rent Standard is attached as Exhibit H)

For projects assisted with other state and/or federal affordable housing funding, the contract rents for those units may not exceed the Fair Market Rents established annually for the County by HUD or the rent standards published by the state or federal funding agencies. The rents for these units must remain affordable for the defined term required by the other funding source or the term set forth below, whichever is greater.

For projects that do not include other state and/or federal affordable housing funding, the contract rents for those units may not exceed the Fair Market Rents established annually for the County by HUD. The rents for these units must remain affordable for the defined term set forth below.

The CDBG grantee shall enforce this requirement with a lien between themselves and the developer of the property. The terms shall be no less than:

FUNDING AMOUNT	LENGTH OF TERM
Up to \$400,000 in CDBG funds	10 years after occupancy date
Between \$400,001 and \$600,000 in CDBG funds	15 years after occupancy date
Above \$600,001 in CDBG funds	20 years after occupancy date

Rents may be increased on an annual basis at the time of lease renewal consistent with changes in the rent standard for the project, but in no case will the project owner be required to reduce rents. Rents must be checked annually by the grantee.

4. Water and Sewer Projects – To meet the national objective for projects involving the construction or extension of water and sewer service, it is mandatory that all households or businesses in the service area are connected to the system. The national objective will not be met until all persons, households or businesses are receiving the intended benefit.

The physical connections of households to water and sewer systems is an eligible activity for qualifying low and moderate income households under the national objective of benefit to LMI persons thru housing activities. As such, the total household income must be considered and verified. Liens are required to protect the benefit.

5. Preliminary Engineering – If an applicant receives funding for preliminary engineering for infrastructure projects and they intend to apply to the U.S. Department of Agriculture (USDA) for construction funding, they must comply with USDA's PER requirements.

REGULATIONS, POLICIES AND REQUIREMENTS FOR SUBMISSION OF APPLICATION

The following requirements and policies apply to submission of a CDBG application regardless of funding category.

1. Citizen Participation Requirements – Governments must comply with citizen participation requirements when seeking CDBG funding and implementing CDBG funded projects. The State requires a jurisdiction to adopt and maintain a written *Citizen Participation Plan* (a sample which includes the minimum required language is attached as Exhibit B) which outlines and describes their efforts in soliciting citizen input and responding to concerns and questions.

A jurisdiction's *Citizen Participation Plan* is effective for a five year period. The plan must be current at the time of application. If it is not current or the applicant does not have one, the applicant must adopt and submit a new plan with their application.

2. Public Hearing - A jurisdiction is to conduct at least one public hearing prior to submission of an application for a CDBG project.

Hearings must take place in conjunction with a regularly scheduled meeting of the elected public officials of the municipality or county that is submitting the application(s). At the hearing, the jurisdiction should discuss local community development, economic development and housing needs. While the hearing allows for a jurisdiction to seek input on proposed activities, it should allow for input from the community as to other needs that could be considered.

The hearing notice must be published in a local newspaper at least five (5) days prior to the date of the hearing. A sample notice is attached as Exhibit C and it includes the minimum language required. Additionally, the jurisdiction should seek to notify the public with other means such as cable television, posted notices in public places, notices in other local publications, etc. The jurisdiction should encourage participation of potential or actual beneficiaries of a project and make accommodations for the handicapped.

Public hearings shall be conducted in a manner to meet the needs of non-English speaking residents where a significant number of non-English speaking residents can reasonably be expected to participate.

A copy of the hearing/meeting minutes and the hearing notice must be submitted with the application.

3. Public Review of Application – The public should have the opportunity to review completed applications before they are submitted to the State. At the public hearing, the applicant must provide the anticipated date the application(s) will be available for review as well as the location where it can be found.

4. Local Resolution - The legislative body of the jurisdiction must pass a resolution authorizing submission of the application, the specific project(s) and the specific amount of funds being requested. The resolution must authorize the application in an amount equal to or greater than the amount requested in the application. The resolution must also acknowledge that the signers understand that repayment of grant funds could be required if the application is funded and the project is not completed or does not meet a CDBG national objective.

If submitting more than one application, the Resolution should identify the specific amount of each project. If the amount identified in a resolution is less than what is identified in the application, the CDBG staff will review the application to determine if it should be accepted, as only the amount authorized in the resolution can be considered. In some cases, the dollar difference may be minimal and not impact the undertaking of the application activities. Applications with this issue will be reviewed on a case by case basis. Resolutions passed for previously submitted CDBG applications are not valid and will not be accepted. (A sample of an acceptable resolution is attached as Exhibit D)

A copy of the resolution must accompany the application or the application will not be reviewed.

5. Residential Anti-Displacement and Relocation Assistance Plan – The State requires jurisdictions to adopt and maintain a written *Residential Anti-Displacement And Relocation Assistance Plan* (a sample which includes the minimum required language is attached as Exhibit E). While a jurisdiction should make every effort to minimize the displacement of persons or businesses when using CDBG funds, this plan will describe what the jurisdiction will do in the event that it does occur.

Section 104(k) of the HCD Act of 1974, 42 U.S.C. § 5304(k), requires that reasonable relocation assistance be provided to persons displaced as a result of the use of CDBG assistance to acquire or substantially rehabilitate property. Section 104(d) of the HCD Act of 1974, as amended, 42 U.S.C. § 5304(d), requires one-for-one replacement of all low and moderate income dwelling units housing the same number of occupants as could have been housed in the units demolished or converted to another use as a result of CDBG assistance.

A jurisdiction's *Residential Anti-Displacement and Relocation Assistance Plan* is effective for a five year period. The plan must be current at the time of application. If it is not current or the applicant does not have one, the applicant must adopt and submit a new plan with their application. Please note that a specific plan will be required for approved grants with projects which will actually result in displacement.

6. Submission By A County For Project in Municipality - A county may submit an application on behalf of one or more municipalities. In such instances, the municipality may not submit a separate application for the same project. Each municipality must hold a public hearing; however, the applicant assumes overall responsibility for ensuring that the entire project will be carried out in accordance with CDBG requirements. The applicant must enter into a legally binding cooperative agreement with each participant which incorporates these criteria.

7. Program Income - Any gross income that will be derived from the use of CDBG funds is to be returned to the State unless the re-use of those funds has been previously approved by the State. Applicants must submit a *Program Income Re-Use Plan* with their application requesting approval to retain funds at the local level for the same activities. Approved plans will be identified in the grant agreement for approved applications. A new *Program Income Re-Use Plan* must be submitted with each application. Jurisdictions wishing to retain income must be willing to pass a resolution to repay from general funds any costs that HUD or the State may disallow as a result of the retention and re-use of program income. See Additional Program Policies and Procedures section of this manual for additional information. (The CDBG Program Income Re-Use Plan is attached as Exhibit F)

8. Debarment - The applicant is required to complete Debarment Checks on subrecipients, developers or businesses prior to submission of an application. The completed forms do not need to be included with the application unless there is a problem. (Guidance and forms are attached as Exhibit G)

9. Clearinghouse Submission - Applicants must comply with the Maryland Intergovernmental Review and Coordination Process (COMAR 14.24.04). Simultaneous with the submission of any application for CDBG funding, applicants must submit an electronic copy of a project profile to the Maryland State Clearinghouse. The profile must include a cover form; a summary briefly explaining the nature, purpose, scope and justification for the project; a map of the project location and geographic area to be served; a budget identifying all sources and uses of funds; and staffing for the project. Please note that the submission to the Clearinghouse must be submitted by the government applicant, not the subrecipient, developer or business. Comments from this review will be forwarded to the CDBG program.

Information must be submitted to mdp.clearinghouse@maryland.gov

REGULATIONS, POLICIES AND REQUIREMENTS FOR FUNDED PROJECTS

For funded projects, grantees must comply with the requirements found in the HCD Act of 1974, the CDBG program regulations found in 24 CFR 570, other federal regulations, and state policies and procedures. The most notable ones are identified below:

1. Environmental Review – Grantees must comply with the National Environmental Policy Act of 1969 and other federal laws which are specified in 24 CFR Part 58. This review must be completed prior to the initiation of project activities regardless of the funding source.

2. Fair Housing and Equal Opportunity – Grantees must comply with numerous federal laws, regulations, and Executive Orders. The most relevant regulations are related to non-discrimination in federally assisted programs of HUD; non-discrimination and equal opportunity in housing; non-discrimination on the basis of race, color, religion, sex, national origin, handicap or familial status in programs and activities receiving or benefiting from federal assistance; and employment and contracting opportunities for lower income persons or minority businesses. The grant agreements issued for funded projects will identify all that apply and the specific requirements.

3. Conflict of Interest - Grantees must comply with federal “Code of Conduct” standards found at 2 CFR Part 200. Additionally, State of Maryland law requires local governments to adopt conflict of interest restrictions and financial disclosure requirements for local elected officials and candidates that are at least as stringent as the requirements for public officials contained in the Public Ethics Law. More information regarding the Local Government Ethics Law can be found at COMAR, Title 19A, Subtitle 04, Local Government Ethics Law.

4. Davis Bacon and Related Acts – Funded CDBG projects that result in construction contracts that exceed \$2,000 are subject to the federal Davis-Bacon Act, the Contract Work Hours and Safety Standards Act of 1962, and the Fair Labor Standards Act.

5. Financial Management - Grantees must comply with 2 CFR Part 200 and other related federal regulations in the financial management of their federal grant. CDBG funds should only be spent on costs that are deemed as “reasonable and necessary.”

6. Lead Paint – Grantees must comply with 40 CFR Part 745 when undertaking renovation, repair or painting activities that disturb painted surfaces in houses, buildings converted into housing, and buildings occupied or to be occupied by children that were built before 1978. As of April 22, 2010, work performed as identified in the regulations must be completed by certified firms using certified renovators and workers trained in lead-safe work practices.

7. Procurement - Grantee must comply with 2 CFR Part 200 when purchasing materials, products or services with federal funds. Subrecipients, housing developers or businesses must comply with the procurement policies of the grantee.

8. Project Administration Costs – Timesheets must be maintained for all persons paid with CDBG funds. The timesheets must reflect actual hours worked on the project.

9. Buildings and Facilities – Buildings and facilities acquired or constructed/renovated with CDBG funds must remain in the approved use for a specific period of time. For a grantee, the term shall be identified in the grant agreement. For a grant with a subrecipient or business, the grantee shall enforce this requirement with a lien between themselves and the subrecipient on the property. The term shall be in effect after the occupancy permit is issued. The terms shall be no less than:

FUNDING AMOUNT	LENGTH OF TERM
Up to \$400,000 in CDBG funds	10 years after occupancy date
Between \$400,001 and \$600,000 in CDBG funds	15 years after occupancy date
Above \$600,001 in CDBG funds	20 years after occupancy date

10. Section 3 – For all contracts that exceed \$100,000, grantees must comply with Section 3 of the HCD Act of 1968 which requires that employment and other economic opportunities be made available to low and very low income persons.

11. Uniform Relocation Act – Grantees must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (49 CFR Part 24) when acquiring property and permanent easements that are required for a project. Additional associated regulations regarding relocation of displaced persons or businesses are found at 24 CFR Part 42 and Section 104(d) of the HCD Act of 1974.

12. Flood Insurance – Flood insurance shall be required for all buildings constructed and/or renovated that are located in the floodplain.

COMMUNITY DEVELOPMENT CATEGORY

Applications for community development projects are accepted annually on a competitive basis in the spring. The funding round is announced in advance of program opening, and applicants are given a minimum of 45 days to prepare their applications. Any funds not awarded in the competition will be added to the Special Projects category.

**Applications Due:
Friday, June 5, 2015 by 2:00 p.m.**

For the SFY 16 competitive application round, the maximum amount an applicant may seek is \$800,000.

Application Submission Information

One original and four copies are due by Friday, June 5, 2015 by 2:00 p.m. Those received after the designated date and time will be rejected. Applications are to be mailed or hand-delivered. Applications are submitted to: DHCD, 7800 Harkins Road, Lanham, MD 20706. Attention: CDBG Program.

Applications are evaluated in a three-step process: threshold review, project evaluation, and funding recommendations. At the completion of the threshold review applicants will be notified by mail if their application will be reviewed. Applications are rejected if the application is not complete, the application is not received by the established due date, the proposed project and/or activities do not meet the eligibility requirements, or the applicant does not meet established performance thresholds.

Performance Thresholds

There are performance thresholds related to previous CDBG grants that must be met by applicants. Applicants will be evaluated on their management of existing CDBG grants and must be in compliance with financial, reporting and monitoring requirements as established each year.

1. Financial - Expenditure of certain minimum percentages of previous grants must be met by 5:00 p.m. on Friday, May 29th. This will apply to all open Maryland CDBG community development, economic development, planning and special projects grants. The required expenditure amount is based on the grant start date.

Grant Agreement Start Date

Prior to June 30, 2013
July 1, 2013 to December 31, 2013
January 1, 2014 – June 29, 2014

Minimum % Required to be Expended

100%
75%
50%

June 30, 2014 to Present

25%

Waiver requests will only be considered for extenuating circumstances if a grantee has only one open grant that does not meet the financial threshold requirement.

2. Reporting – Applicants must be current with submission of any reports due to the program in relation to existing grants.

3. Monitoring – Grantees that have grants with open monitoring issues will be reviewed on a case-by-case basis, taking into consideration the significance of the finding(s) or concern(s), the corrective action(s) taken by the grantee or subrecipient to resolve the issue(s) and the timeliness of the grantee in responding.

No waiver requests may be submitted if a grantee has more than one grant that does not meet threshold.

Additionally, grantees that have revolving loan funds (RLFs) and program income accounts that were capitalized with CDBG funds will be required to submit information regarding the current fund balance and the most recent activity. This applies to economic development RLFs as well as housing rehabilitation RLFs and program income accounts. Grantees may be required to submit additional information to explain large loan balances and lack of activity. In these instances, the State may take additional actions related to ensuring the grantee utilizes these funds. (The RLF & PI Status Report is attached as Exhibit I)

Project Evaluation

All applications that meet the threshold criteria will be rated and ranked competitively by a review committee composed of Maryland CDBG Program staff and other departmental staff with participation from other government agencies when appropriate. Applicants will be given an opportunity to answer the committee's questions via phone or e-mail.

Rating is based on a 150-point scale. Point ranges have been established for each criterion to gauge the extent to which the applicant meets the criterion. The following factors will be considered in determining the points assigned. A copy of the rating form may be obtained from the CDBG program staff.

RANKING FACTOR	MAXIMUM POINTS
PUBLIC PURPOSE <ul style="list-style-type: none">- Consistency (10)- Severity of Need (30)- Community Support (5)	45 Points
PROJECT IMPACT <ul style="list-style-type: none">- Impact on Need (10)- Benefit to LMI Households (15)	25 Points
PROJECT MANAGEMENT <ul style="list-style-type: none">- Readiness To Proceed (35)- Accuracy of Costs (10)- Capacity (10)	55 Points
LOCAL COMMITMENT / LEVERAGING <ul style="list-style-type: none">- Local Commitment (10)	25 Points

- Debt Service (5)	
- Leveraging (10)	
BONUS POINTS	12 Points

Applicants may receive up to 12 bonus points for meeting one or more of the following criteria:

1. Project will use innovative materials or methods (2 Points);
2. Project activities include the acquisition and reuse of foreclosed properties (2 Points);
3. Project activities include the replacement of utilities in existing buildings with energy saving materials (2 Points);
4. Project will use green building standards and practices for new construction or renovation (2 Points);
5. Project activities will eliminate impediments to fair housing in the community (2 Points); or
6. Project activities will provide benefit to those serving or have served in the U.S. armed forces (2 Points).

Public Purpose/Local Need (45 maximum points)

Severity of Need (30 maximum points). Based on the information in the application, the degree of distress and examples provided will determine the number of points awarded. Distress factors considered include the quality and quantity of existing facilities, including the need for rehabilitation or replacement, condition description, age, adequacy or absence of facilities, services, housing etc. Up to twenty (20) points are awarded based on the documented need for new or additional services, new or improved facilities, new or improved infrastructure, or new or improved housing. Up to ten (10) points are awarded where existing physical health and safety conditions are documented. *Please note that documentation in support of the need is the key to receipt of maximum points.*

Community Support and Involvement (5 maximum points). Points are awarded based on evidence of current community support and involvement in the project development and implementation. Letters of general support and participation may include local interest of neighborhood groups, local public or non-profit agencies and individuals that might directly benefit from the project.

Consistency with Local Needs/Plans/Strategies (10 maximum points). Points are awarded based on the degree to which the project is specifically identified and is consistent with a locally developed revitalization strategy, capital improvements plan or comprehensive plan (up to 5 points). Relevant sections must be provided with the applications. Up to five (5) points may be awarded for proposed projects and activities that re-use existing buildings and infrastructure

Project Impact (25 maximum points)

Impact on Need (10 maximum points). Points are awarded based on the extent to which the project will address the needs and alleviate the existing problems described by the applicant.

Benefit to Low and Moderate Income (LMI) Households (15 maximum points). Maximum points will be awarded to projects where there is a direct benefit to LMI households/persons. 10 points will be awarded to projects where there is an area wide benefit to LMI persons. No points will be given for slum/blight projects where there is no benefit to LMI persons, or where benefit cannot

be determined. If there is more than one national objective, maximum points will be given for the activity that benefits more people.

Project Management (55 maximum points)

Readiness to Proceed (35 maximum points). Points may be awarded for the extent to which the project is ready to proceed and the implementation schedule is reasonable. The assessment is based on the relative progress of elements such as site control/easements, architectural design or preliminary or final engineering, commitment of other project financing or the development of rehabilitation guidelines. If the applicant is not able to document that other funds are committed, they will not receive any points under this section because the project is not ready to proceed. This category considers the project as a whole.

The schedule should begin with July as the anticipated date of the CDBG award. The Environmental Review Record and Request of Release of Funds must be submitted for approval within 60 days of award. This must be factored into your schedule.

An applicant may receive thirty-five (35) points based on the following factors:

1. Construction Projects: Applicant has completed design and/or engineering, has completed acquisition or will complete if applicable within 90 days (does not include easement acquisition), can bid project within 90 days, and is able to start construction within 120 days.
2. Housing Rehabilitation Projects: Applicant has developed or updated all program materials, selected and completed work write-ups for 30% of properties to be rehabilitated, and can bid work in 60 days.
3. Services/Non-Construction Projects: Applicant can demonstrate that program and/or activities can be implemented within 30 days.

An applicant may receive twenty (20) points based on the following factors:

1. Construction Projects: Applicant has completed design and/or engineering, has completed acquisition or will complete if applicable within 120 days (does not include easement acquisition, can bid project within 120 days, and is able to start construction within 150 days.
2. Housing Rehabilitation Projects: Applicant has developed or updated all program materials, selected and completed work write-ups for 15% of properties to be rehabilitated, and can bid work in 90 days.
3. Services/Non-Construction Projects: Applicant can demonstrate that program and/or activities can be implemented within 60 days.

An applicant may receive ten (10) points based on the following factors:

1. Construction Projects: Applicant will complete design and/or engineering within 90 days of the award, will complete acquisition if applicable, within 120 days, and will bid project within 120 days.
2. Housing Rehabilitation Projects: Applicant has developed or updated all program materials, selected and completed work write-ups for 5% of properties to be rehabilitated, and can bid work in 120 days.

3. Services/Non-Construction Projects: Applicant can demonstrate that program and/or activities can be implemented within 75 days.

No points are awarded if the project is not ready to proceed based on the above criteria or if other funds are not committed.

As the application will be rated on the information found in the schedule identified in Part H of the application, the progress of funded grants will be assessed using this information as well. Failure to meet the schedule as presented will result in the loss of awarded grant funds. Exceptions to this policy will be considered on a case by case basis.

Accuracy of Costs (10 maximum points). Maximum points may be awarded to projects which best document that project costs have been carefully estimated. Estimates should reflect the applicability and impact of Davis-Bacon wage rates, acquisition requirements, relocation or replacement housing requirements. Estimates should be current within six months. Preliminary professional studies, appraisals, tax assessments, wage rate determinations are some examples of acceptable documentation. No points will be awarded if documentation of costs is not submitted.

Administrative Capacity (10 maximum points). Points may be awarded for projects based on the past performance of the applicant, subrecipient or developer with CDBG grants (5 points maximum). Staff will consider previous general grant management, financial management and compliance with meeting a national objective. The adequacy of staff to implement the project based on information in Part G of the application will also be considered (5 points maximum).

Local Commitment and Leveraging (25 points maximum)

Local Commitment (10 maximum points). The Department will consider the extent to which local funds will be contributed to the project. Maximum points (10) may be awarded to applicants whose local contribution exceeds 25% of the total project costs. Local contribution of 15%-24% of total project costs receives 8 points. Where there is some local contribution but less than 15% of the total project costs, 5 points are awarded. No points will be given where there is no local contribution.

Local funds include cash, debt service and any in-kind contributions which materially contribute to the project completion. In-kind contributions must be documented and may include the donation or long term lease of land or buildings, appropriation of local revenues, site improvements or installed infrastructure, deferral of real estate taxes, abatement or payment in lieu of taxes. The contribution may be provided by the local government or directly by subrecipient or developer.

Debt Service (5 points). Applications will receive 5 points if the funding sources include loans (including federal and state loans) borrowed specifically for the project that have been secured by the local government, subrecipient or developer. Applicants shall provide executed copies of loan documents as evidence. This does not apply to forgivable loans or those that are deferred for an extended period of time.

Leveraging (10 maximum points). The Department will consider the extent to which local and CDBG funds are used to leverage other public and private funds (non-local). Points will be awarded based on the documented commitment of funds specifically identified to supplement CDBG funds. Maximum points (10) will be awarded for projects where 50% or more of the project costs are from sources other than local or CDBG. If less than 50% of the project costs are from sources other than CDBG and the locality, five (5) points are awarded. The application will receive no points for leveraging if other funding sources are available but are not sought. Leveraged funds include other public or private grant funds and individual or corporate donations.

Funding Recommendations

The highest rated applications are recommended for funding until the available funding for the round are exhausted or the next highest rated project requests more funds than are available and the project cannot be phased. In that case, the next highest scoring project may be funded. In case of a tie score, the application with the highest combined score on Public Purpose/Local Need and Project Management is funded first. The Maryland CDBG program has established a minimum point standard of 105 (70%). Applications that receive less than 70% of the total points are not recommended for funding.

Committee recommendations (both for approval and rejection) are reviewed by the Assistant Secretary for Neighborhood Revitalization and forwarded to the Secretary of DHCD for final approval. In addition to the rating criteria, the Rating Committee, the Assistant Secretary for Neighborhood Revitalization or the Secretary of DHCD may consider other factors in making funding determinations, including:

- The State's CD objectives and priorities
- The availability of alternate or contributing funding sources for the total project or some of its components
- A reasonable distribution of projects among regions of the State
- The ability to respond to a locality's special needs, and
- The degree of community commitment for the project.

DHCD reserves the right to award less than the requested amount with a recommendation to decrease the size, scope and/or costs of the project. A planning grant may be awarded in lieu of requested project funding where further study is deemed necessary. This will be negotiated with the applicant during the rating process.

Awards are expected to be announced within approximately 90 days of the application submission deadline.

SPECIAL PROJECTS CATEGORY

Beginning in SFY 16, the State will expand the Special Projects Category to include economic development projects as well as those considered to be special projects or planning activities. There are specific criteria and requirements required for each type of project. All applications will be considered on a first-come, first-served basis once received and determined to be complete. Funds will not be “held” or “reserved” for applicants in the process of submitting an application or submitting materials to complete their application.

Grantees that have revolving loan funds (RLFs) and program income accounts that were capitalized with CDBG funds will be required to submit information regarding the current fund balance and the most recent activity. This applies to economic development RLFs as well as housing rehabilitation RLFs and program income accounts. Grantees may be required to submit additional information to explain large loan balances and lack of activity. In these instances, the State may take additional actions related to ensuring the grantee utilizes these funds. (The RLF & PI Status Report is attached as Exhibit I).

Applicants must submit one original and two copies when applying for Special Projects funds. Applications are to be mailed or hand-delivered. Applications are submitted to: DHCD, 7800 Harkins Road, Lanham, MD 20706, Attention: CDBG Program.

DHCD reserves the right to award less than the requested amount with a recommendation to decrease the size, scope and/or costs of the project. This will be negotiated with the applicant during the rating process.

Special Projects

Special Projects applications are those submitted after the annual competitive round has been completed. They are for projects that have become a high priority based on an opportunity or due to an emergency need. Applicants must consult with CDBG Program staff and receive written approval to submit an application. Staff will consider whether the proposed project would meet a CDBG national objective, be eligible under the program, be able to be implemented in a timely manner, and if it meets one of the State’s program objectives. Additionally, performance related to existing grants, if any, will be considered by staff in addition to CDBG eligibility requirements when making approvals.

A threshold review will be conducted to determine if the application is complete, the requested project will meet a CDBG national objective, and specific activities are eligible. Applications will be rated using the same rating factors used for the Community Development category. The minimum point standard of 105 points applies to Special Projects applications. The maximum amount an applicant may seek is \$800,000.

The State may also use funds from this category to fund requests for additional funding for existing grants. Grantees may not apply for additional funds for a previously funded project unless there are extenuating circumstances surrounding the shortfall. If the amount needed is higher than \$75,000, grantees must apply for funding through the next community development application round. Grantees must provide a written explanation of the reasons for the shortfall, including:

1. the reasons for the request for additional funds;
2. verifiable documentation of a significant increase in beneficiaries;
3. proof that all alternate funding sources have been exhausted; and
4. documentation of any negative impact on the community if the project is not completed.

Within thirty days of the threshold review approval, a recommendation is made to the Assistant Secretary for Neighborhood Revitalization and to the Secretary of DCHD for final approval.

Planning

Planning activities are eligible for CDBG funding. Applicants may seek up to \$50,000 for planning grants. A match is required but no more than 5% can be in-kind. Applicants must consult with CDBG Program staff and receive written approval to submit an application. Staff will consider whether the proposed project would meet a CDBG national objective, be eligible under the program, be able to be implemented in a timely manner, and if it meets one of the State's program objectives. Additionally, performance related to existing grants, if any, will be considered by staff in addition to CDBG eligibility requirements when making approvals.

A threshold review will be conducted to determine if the application is complete, the requested project will meet a CDBG national objective, and specific activities are eligible. Applications will be rated using the same rating factors used for the Community Development category. The minimum point standard of 105 points applies to Planning applications.

Planning activities are traditional planning activities such as comprehensive plans, community development plans, downtown studies, and capital improvements plans. Additional planning activities include feasibility studies, preliminary engineering, preliminary design, and building condition studies. Projects are qualified based on national objective eligibility.

Within thirty days of the threshold review approval, a recommendation is made to the Assistant Secretary for Neighborhood Revitalization and to the Secretary of DCHD for final approval.

Economic Development

Funding may be used for a variety of economic development activities which support local economic development initiatives either by direct public improvements to facilitate new business and/or industry or through direct assistance to businesses. Applicants must consult with CDBG Program Staff and receive written approval to submit an application. Staff will consider whether the proposed project would meet a CDBG national objective, be eligible under the program, be able to be implemented in a timely manner, and if it meets one of the State's program objectives. Additionally, performance related to existing grants, if any, will be considered by staff in addition to CDBG eligibility requirements when making approvals.

A threshold review will be conducted to determine if the application is complete, the requested project will meet a CDBG national objective, and specific activities are eligible. Applications will be reviewed and rated using factors described later in this section. The maximum amount an applicant may seek is \$1,000,000.

Applications for speculative projects where no business(s) has committed in writing to participate with creation of jobs as required by the CDBG Program are not eligible for funding per State policy.

The State will accept funding for the following economic development projects:

1. Job Creation – If the applicant is seeking funds to assist a business in a project that results in job creation, 51% of all jobs created must be taken by or held by LMI persons. All jobs must be permanent, full-time jobs. The job counting begins once the grant activities are completed. Additionally, the State may impose a retention period for the jobs once created.

The business must provide a written commitment to meet the CDBG job creation standard of creating a specific number of jobs of which 51% or more of them will be taken by or held by persons of low and moderate income. This must be provided with the application. Other application submission materials are described within the application document.

2. Job Retention - If the applicant is seeking funds to assist a business with job retention, there must be clear and objective evidence that permanent, full-time jobs will be lost without the CDBG assistance. Applications must include:

- evidence that the business has issued a notice to affected employees or made a public announcement to that effect; or
- analysis of relevant financial records which clearly and convincingly shows that the business is likely to have to cut back employment in the near future without the planned intervention.

The business must provide a written commitment to meet the CDBG job retention standard of retaining 51% or more of employees that are of low and moderate income at the time of the CDBG assistance. This must be provided with the application. Other application submission materials are described within the application document.

Please provide the following information on the business to be assisted. If more than one, please provide information for each.

1. Name of Business
2. Ownership of Business
3. Business Management
4. Company History including start-up date, type of operation, progress and number of employees to date
5. Current Location(s)
6. Product Line or Service
7. Discuss their market area(s) including geography, major customers and other characteristics.

For projects which provide CDBG assistance as a financing measure to profit making businesses, discuss the need for financial assistance. Attach three years of historical financial statements and personal financial statement for principal owner(s) and a five year pro-forma. Explain the basis for requesting assistance (e.g., gap financing). Additional financial information may be requested.

Applications will be reviewed and considered based on the following:

1. Costs – All costs must be reasonable and necessary.
2. Leverage – All applications must include the leveraging of other funds. Those applications providing 50% or more of other funds will be provided maximum consideration. In-kind services cannot exceed 10% of the total budget.
3. Readiness to Proceed – Applications which are able to be bid within 90 days and to start construction within 120 days will be given maximum consideration.
4. Administrative Capacity - The staffing plan must be sufficient to administer the grant activities.
5. Past Performance - The past performance of the applicant with CDBG grants will be considered with respect to general grant management, financial management and compliance with meeting a national objective.
6. Outcomes – Maximum consideration will be given to those projects that create or retain the highest number of jobs.
7. Cost Per Job – The cost per job must not exceed \$20,000. Maximum consideration will be given to those applications where the cost per job does not exceed \$10,000.

Projects may be subject to Public Benefit Standards and Underwriting Guidelines. It depends on the structure of the application.

There is a prohibition on the use of CDBG funds for job-pirating activities. Specifically, funds cannot be used to as an incentive for a business to relocate to another community.

The following types of businesses are not eligible for assistance with CDBG funds: adult bookstores, video shops or other adult entertainment facilities, check cashing facilities, gambling facilities, gun shops, liquor stores, massage parlors, pawn shops, tanning salons, or tattoo parlors. Additionally, assistance to a professional sports team or a privately-owned recreational facility that serves a predominantly higher-income clientele where the recreation benefit to be derived by users or members clearly outweighs the employment of other benefits to low and moderate income persons.

Within thirty days of the threshold review approval, a recommendation is made to the Assistant Secretary for Neighborhood Revitalization and to the Secretary of DCHD for final approval.

ADDITIONAL PROGRAM POLICIES AND PROCEDURES

1. Funds Transfer - A review of the Special Projects category balance will occur prior to the announcement of the annual Community Development competitive round. CDBG Program staff will consider all applications received but not funded or those expected to be received prior to end of the fiscal year. All or a portion of the balance could be transferred for use in the next competitive funding round.

2. Grant Periods - Grants are awarded for a twenty-four (24) month period, except planning grants, which are expected to be completed in twelve (12) months. *The grant period is related to the expenditure of the grant funds only.* No formal amendment is required for the additional time necessary for a grantee to satisfy a national objective or to satisfy corrective actions related to monitoring findings or matters of concern. Time extensions are granted only where circumstances are beyond the grantee's control.

3. Grant Amendments - Circumstances or conditions may develop during the course of a project's implementation which could prompt the grantee to request, in writing, an amendment to the grant for reasons other than for additional funding. Accordingly, grantees must obtain approval for amendments in the following instances:

- if the addition of a new, or deletion of an existing activity or project is proposed;
- if activities in an area other than the approved target or project area are proposed;
- if the scope of the existing project or activities will change (i.e., number of beneficiaries);
- if a budget revision is proposed resulting in a transfer between approved budget line items in excess of ten percent of the grant award;
- in other instances where DHCD determines an amendment to be appropriate, such as where technical changes in legal or administrative terms occur.

The request for a grant amendment shall provide sufficient information to explain and justify the proposed changes. The CDBG Program may determine that an amendment to a grant agreement requires additional actions. The grantees will be notified in writing if they have to complete any of the following requirements:

- additional citizen participation efforts;
- additional review by the State Clearinghouse; or
- additional environmental review.

The request for a grant amendment will be reviewed on the basis of eligibility and the evaluation criteria applicable at the time of the amendment request.

A time extension may be granted, generally for one year, when it is determined by the program that as a result of unforeseen circumstances, the grantee will expend grant funds by the completion date established in the grant agreement. The time extension is processed by the program and is not subject to the requirements of project amendments listed above. The program reserves the right to determine the length of time for the amendment.

4. Financial Penalty - ERR – The Environmental Review and Request for Release of Funds must be submitted for approval by DHCD within 60 days of the grant award date. Failure to do so will result in a 2% financial penalty of the grant award. The penalty will be assessed initially from administrative funds awarded. If no administrative funds were awarded, then project funds will be recaptured. The exception shall be for projects with issues identified through screening letters where the CDBG Environmental Officer has been notified in writing. Further delay in completing the Environmental Review and obtaining a Release of Funds could result in the termination of the grant.

5. Financial Penalty – Minimum Expenditure - For each grant, the grantee must request payment of a minimum of 5% of grant funds within 180 days of the grant award date. Failure to do so will result in a 2% penalty of the grant award each month until funds are drawn. The penalty will be assessed initially from administrative funds awarded. If no administrative funds were awarded, then project funds will be recaptured. Exceptions to this policy will be considered on a case by case basis.

6. Financial Penalty - Schedule – A grantee will be required to meet the schedule outlined in Exhibit C of the grant agreement. This schedule is based on Part H of the application which was specific to the implementation of the project activities. Failure to meet the schedule will result in a 2% penalty of the grant award each month until the grantee is back on track. The penalty will be assessed initially from administrative funds awarded. If no administrative funds were awarded, then project funds will be recaptured. Exceptions to this policy will be considered on a case by case basis. Please note that grantees could be penalized more than once.

7. Monitoring and Close Out of Grants - Grants will be officially monitored by CDBG Program staff for compliance with federal and state regulations and requirements and to ensure that the national objective has been met. Some grant activities might be monitored by a specific compliance specialist or by their Project Manager at different stages of the implementation of the grant. All projects are considered “open” until they have been fully monitored and all issues are resolved. The State will issue a Close Out letter to the grantee when it has been formally closed. Grant files and records must be retained by the grantee for a five (5) year period after close out of the State’s grant by HUD.

8. Recapture and Repayment of Funds - Any funds recaptured through grant cancellation, repayment due to monitoring findings, or completion of an activity at a cost savings will be available for redistribution to eligible projects. DHCD may retain eligible amounts of repaid or recaptured funds for State administrative and technical assistance costs.

9. Program Income - Program Income is defined as gross income received by the grantee, subrecipient, developer or business directly generated from the use of CDBG funds. It includes, but is not limited to, the following:

- proceeds from the disposition by sale or long term lease of real property purchased or improved with CDBG funds;
- proceeds from the disposition of equipment purchased with CDBG funds;
- gross income from the use or rental of real or personal property acquired by the recipient or a sub-recipient with CDBG funds, less the costs incidental to the generation of the income;
- gross income from the use or rental of real property owned by the recipient or a subrecipient that was constructed or improved with CDBG funds, less the costs incidental to the generation of the income;

- payments of principal and interest on loans made using CDBG funds;
- proceeds from the sale of loans made with CDBG funds;
- proceeds from the sale of obligations secured by loans made with CDBG funds;
- interest earned on funds held in a revolving loan fund account;
- interest earned on program income pending disposition of the income;
- funds collected through special assessments made against properties owned and occupied by households not of LMI, where the assessments are used to recover all or part of the CDBG portion of a public improvement.

All funds must be returned to the State unless the grantee has an approved *Program Income Re-Use Plan*. The State may use three percent of any program income returned to the State or received and retained at the local level during the program year for administration.

A *Program Income Re-Use Plan*, which includes a description of the proposed method to manage the funds and the capacity of the grantee to comply with State and federal regulations, must be submitted as part of the application and approved by DHCD, depending on the category. The decision to permit retention of program income by the grantee will be made on a case-by-case basis.

If a plan is approved, program income may be retained by the grantee provided the grantee pledges its general funds to reimburse the State for any financial liability related to negative findings by the State and/or HUD with regard to the re-use of income and if:

- the program income is targeted for an eligible CDBG activity that meets a national objective and for which DHCD has given approval; or
- the program income is targeted for use for the "same activity." "Same activity" is defined as one with the same purpose and same location as the activity generating the program income; and
- completion of the proposed activity will meet time constraints established by DHCD.

Upon the written instructions of DHCD, a grantee and any subrecipient shall permit an authorized agent of DHCD to collect, distribute, or in any other manner deal with program income in accordance with such written instructions.

Program income received by the State will be distributed in an expeditious manner. Any program income that is distributed by the State during the period beginning with the date HUD awards the annual grant to the State and ending with the following year's grant award date is considered to be covered by the current Consolidated Plan.

Additionally, the State is receiving program income from loans made from a federal CDBG Disaster Grant that was awarded after Hurricane Isabelle and from activities completed under the Neighborhood Stabilization Program. The Disaster Grant program income can be used by DHCD upon the accumulation of a significant amount for any CDBG eligible activity. The Neighborhood Stabilization Program income can be used by DHCD for any CDBG eligible activity that also complies with Neighborhood Stabilization Program requirements. The State may use three percent of any program income returned during the program year for administration.

10. Suspension of Method of Distribution for Presidential Disaster Declarations - In the event of a Major Disaster Declaration by the President of the United States for a city, town, or unit of local government located in the State of Maryland, the Secretary of DHCD shall have the authority to waive the Method of Distribution or any other State policies for the CDBG program to address emergency needs of impacted communities. This will be done in consultation with HUD and the program will operate within the parameter of the law or laws addressing the CDBG program.

• • • Exhibit A • • •
HUD Fiscal Year 2015 CDBG Income Limits

Included in materials provided at application workshop or available on the website

• • • Exhibit B • • •

**MARYLAND COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
CITIZEN PARTICIPATION PLAN**

_____ has adopted this Citizen Participation Plan to meet the citizen participation requirements of 24 CFR 570.486 and 24 CFR 91.115(e). Regulations require that each unit of general local government receiving or expecting to receive Maryland Community Development Block Grant Funds:

- Furnish citizens with information related to the availability of CDBG funding including the amount the State makes available under each state fiscal year, the eligible CDBG activities, and the eligible uses of CDBG funds;
- Provide for and encourage citizen participation, particularly by low and moderate income persons who reside in slum or blighted areas and areas in which CDBG funds are proposed to be used;
- Ensure that citizens will be given reasonable and timely access to local meetings, information and records relating to the unit of general local government's proposed and actual use of CDBG funds;
- Provide technical assistance to groups representative of persons of low and moderate income that request assistance in developing proposals in accordance with procedures developed by the State. Such assistance need not include providing funds to such groups;
- Provide for a minimum of two public hearings, each at a different stage of the project, for the purpose of obtaining citizen's views and responding to proposals and questions. Together the hearings must cover community development and housing needs, development of proposed activities and a review of program performance. Public hearings to cover community development and housing needs must be held before submission of an application to the State. There must be reasonable notice of the hearings and they must be held at times and locations convenient to potential or actual beneficiaries, with accommodations for the handicapped. Public hearings shall be conducted in a manner to meet the needs of non-English speaking residents where a significant number of non-English speaking residents can reasonably be expected to participate;
- Provide citizens with reasonable advance notice of, and opportunity to comment on, proposed activities in an application to the State and, for grants already made, activities which are proposed to be added, deleted, or substantially changed from the unit of general local government's application to the State. Substantially changed means changes made in terms of purpose, scope, location or beneficiaries as defined by criteria established by the State;
- Provide citizens with the (County/Town) Residential Anti-Displacement and Relocation Assistance Plan if proposed applications to be submitted will likely to result in displacement of persons or businesses from their homes or businesses;
- Provide citizens the address, phone number and times for submitting complaints and grievances, and provide timely written answers to written complaints and grievances, within 15 working days where practicable.

CDBG funded activities may serve beneficiaries outside the jurisdiction of the unit of general local government that receives the grant, provided the unit of general local government determines that the activity is meeting its needs in accordance with section 106(d)(2)(D) of the Act.

PROVISION OF INFORMATION, PUBLIC HEARINGS AND COMMENTS

_____ will provide reasonable access to records and information on the proposed and actual use of CDBG funds during regular business hours of ____am-____pm at the following location: _____.

Where possible, _____ will provide copies of documents or access to copying services to citizens or groups requesting information at their own expense.

Information will be furnished to citizens through public notice in _____, a newspaper of general circulation. _____ may also provide additional information to its citizens about the CDBG Program through articles in local newspapers, newsletters or community bulletins, flyers distributed door to door or at presentations made at community meetings.

_____ will hold at least one public hearing to receive input by citizens on the housing and community development needs of the jurisdiction and to discuss the development of proposed activities. This hearing will be held in conjunction with a regularly scheduled meeting of the elected public officials prior to submission of an application for CDBG funds.

If the MD CDBG Program funds the activity, a second hearing on program performance must be held at some point during the grant period after the activity has been initiated.

The MD CDBG Program requires that notice of a public hearing be published in a newspaper of general local circulation no less than five (5) days in advance of the hearing. Hearings will be held at times and locations convenient to actual or potential beneficiaries and at locations accessible to the disabled. Documentary evidence that the required notices are published and public hearings are held in accordance with the plan will be maintained. Copies of the actual notices and/or affidavits shall be a part of the files, in addition to minutes of the hearings. Written minutes of the hearing and an attendance roster will be maintained by _____ at the following location: _____.

If necessary, _____ will make arrangements for a translator when it is expected that non-English speaking persons will participate. Similarly, a signer shall be provided for a deaf or mute participant. If special accommodations are necessary, however, requests should be made to _____ @ _____. At least ____ days advance notice is requested.

_____ will provide citizens an opportunity to comment on the proposed activities in an application to the State. Written comments may be sent to:

TECHNICAL ASSISTANCE

When requested to provide technical assistance to groups representative of persons of low and moderate income, _____ will assist if possible. Files shall document meetings between the group and the local government. If staff capacity to assist does not exist, _____ may offer a referral to the State or to a consultant who can provide the necessary expertise.

COMPLAINTS AND GRIEVANCES

Citizens who wish to submit a complaint or grievance may do so by calling or writing:

_____ shall make reasonable effort to provide a response in writing to written complaints or grievances within 15 working days.

AMENDMENTS TO APPLICATIONS OR GRANTS

_____ will provide citizens notice of, and opportunity to comment on, substantial changes to grants already made, including changes in the purpose, scope, location or beneficiaries. This can be achieved through public notice describing the change and establishing a comment period or through public hearing.

This Citizen Participation Plan is hereby adopted by _____
on _____, 20____. It is effective for a 5 year period until _____.

CHIEF ELECTED OFFICIAL

WITNESS

3/2015

• • • **Exhibit C** • • •
First Public Hearing Notice

NOTICE OF PUBLIC HEARING

The (*Jurisdiction*) will conduct a Public Hearing to obtain the views of citizens on community, economic development, and housing needs to be considered for submission of an application to the Maryland Community Development Block Grant Program (CDBG). Citizens will have the opportunity to discuss proposed projects and to provide input on other needs to be considered. The hearing will be held at the (*Location*) at (*time, day, and date*).

Citizens will be furnished with information including but not limited to:

- * the amount of CDBG funds available for State Fiscal Year 2015;
- * the range of activities that may be undertaken with CDBG funds; and
- * the proposed projects under consideration by (*Jurisdiction*).

The Maryland Community Development Block Grant (CDBG) Program is a federally sponsored program designed to assist governments with activities directed toward neighborhood and housing revitalization, economic development, and improved community facilities and services. It is administered by the Department of Housing and Community Development.

The Maryland CDBG Program reflects the State's economic and community development priorities and provides public funds for activities which meet one of the following national objectives, in accordance with the federal Housing Community Development Act of 1974, as amended:

1. benefit low and moderate income persons and households;
2. aid in the prevention or elimination of slums or blight;
3. meet other community development needs of an urgent nature, or that are an immediate threat to community health and welfare.

Efforts will be made to accommodate the disabled and non-English speaking residents with _____ days advance notice to _____ (*name and phone number of contact*).

(Chief Executive Officer of Jurisdiction)

• • • Exhibit D • • •
Sample
Authorizing Resolution

RESOLUTION

WHEREAS, State of Maryland through the Department of Housing and Community Development has solicited applications from eligible jurisdictions to apply for funding under the Maryland Community Development Block Grant (CDBG) Program; and

WHEREAS, (Jurisdiction) is eligible to apply for funds from the Maryland CDBG program through the Maryland Department of Housing and Community Development; and

WHEREAS, the (Board/Council name) have held the required public hearing(s) related to the formulation of the (Jurisdiction)'s Block Grant Application; and

WHEREAS, the (Board/Council name) understand and acknowledge that they would be responsible for completion of grant activities and any corrective actions including the repayment of funds if necessary;

NOW, THEREFORE, BE IT RESOLVED, that the (Board/Council name) authorize the submittal of an application for Community Development Block Grant funds in the amount of (\$_____) this (____) day of (_____ 20____) for the following project(s):

BE IT FURTHER RESOLVED, that (Chief Elected Official) is authorized and empowered to execute any and all documents required for the submission of the application.

(Board /Council name)
(Jurisdiction)

By: _____
(Mayor/President)

Attest:

(Note: For resolutions supporting multiple projects, please list projects and amounts)
3/2015

• • • Exhibit E • • •

RESIDENTIAL ANTI-DISPLACEMENT AND RELOCATION ASSISTANCE PLAN

_____ will take every preventable action to minimize the involuntary displacement of persons or businesses when using federal funds received from the Maryland Community Development Block Grant funds as a source of funding in our projects. In the event that displacement occurs, _____, hereby agrees to comply with all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (“URA”), as amended, as described in 49 CFR Part 24; and with the Housing and Community Development Act of 1974 (“HCD Act of 1974”), as amended, as described in 24 CFR Part 42.

RELOCATION

_____ will provide relocation assistance as required under the URA to all persons or businesses displaced as a direct result of assisted activities. They shall be provided relocation benefits which, at a minimum, include:

- Relocation assistance planning and advisory services;
- Moving expenses;
- Referral to comparable replacement unit; and
- Replacement housing payments for 42 months.

Low and moderate income households displaced by the acquisition or demolition of housing or by the conversion or rehabilitation of low and moderate income dwellings to another use are entitled to additional benefits under the requirements of 24 CFR 42.350. These additional benefits include:

- Security deposits and credit checks,
- Referral to comparable replacement unit; and
- Replacement housing payments for 60 months.

Additionally, legal, low and moderate income tenants are also eligible for:

- Referral to at least one suitable, decent, safe and sanitary replacement dwelling unit. _____ shall advise tenants of their rights under the Federal Fair Housing Act, 42 U.S.C. §§ 3601—3619, and of replacement housing opportunities in such a manner that, wherever feasible, they will have a choice between relocation within their neighborhood and other neighborhoods; and
- Each person must be offered rental assistance equal to 60 times the amount necessary to reduce the monthly rent and estimated average monthly cost of utilities for a replacement dwelling (comparable replacement dwelling or decent, safe, and sanitary replacement dwelling to which the person relocates, whichever costs less) to the “Total Tenant Payment.” All or a portion of this assistance may be offered through a certificate or voucher for rental assistance (if available) provided under Section 8 of the United States Housing Act of 1937, 42 U.S.C. § 1437f.

In addition, in consideration of the financial assistance received from the Maryland CDBG Program, particularly when such assistance is used for acquisition, rehabilitation, demolition, or

conversion which results in temporary relocation, _____ agrees to assist either the temporarily displaced residential or business tenant or owner occupant during the time they are displaced. Those receiving temporary relocations shall receive at a minimum:

- Interim living costs;
- Relocation assistance planning and advisory services;
- Reasonable moving expenses; and
- Rental Assistance (if moving to more expensive unit).

ONE FOR ONE REPLACEMENT HOUSING

In the event that low and moderate income dwelling units are demolished or converted to a use other than as low/moderate-income housing, _____ will replace all units that were occupied or were vacant but deemed occupiable as required under Section 104(d) of the HCD Act of 1974, as amended.

All replaced housing will be provided within three (3) years of the commencement of the demolition or rehabilitation relating to conversion. Before obligating or expending funds that will directly result in such demolition or conversion, _____ will make public and submit to the Maryland CDBG Office the following information in writing:

- A. A description of the proposed assisted activity;
- B. The location on a map and number of dwelling units by size (number of bedrooms) that will be demolished or converted to use other than as low/moderate-income dwelling units as a direct result of the assisted activity;
- C. A time schedule for the commencement and completion of the demolition or conversion;
- D. The general location on a map and approximate number of dwellings units by size (number of bedrooms) that will be provided as replacement dwelling units;
- E. The source of funding and a time schedule for the provision of replacement dwelling units; and
- F. The basis for concluding that each replacement dwelling unit will remain a low/moderate-income dwelling for at least ten (10) years from the date of initial occupancy.

GENERAL POLICIES

1. _____ will take every preventable action to minimize the involuntary displacements of persons or businesses during the implementation of our CDBG funded projects. Examples of actions that may be taken include:
 - Stage rehabilitation of assisted housing to allow tenants to remain during and after rehabilitation, working with empty buildings or groups of empty units first, so they can be rehabilitated first, and tenants moved in before rehabilitation of occupied units or buildings is begun.

- Establish temporary relocation facilities in order to house families whose displacement will be of short duration, so they can move back to their neighborhoods after rehabilitation or new construction.
 - Provide counseling to assist homeowners and renters to understand the range of assistance that may be available to help them in staying in the area being revitalized.
2. _____ may enter into a written agreement with a subrecipient, or the owner of the assisted property, under which either may pay all or part of the cost of the required relocation assistance.
 3. _____ understand the cost of relocation assistance and other benefits shall be paid from CDBG funds or such other funds as may be available from any source including the jurisdiction's general fund.
 4. _____ will refer owners and/or tenants to the State CDBG Program if there is a disagreement with the determination that these requirements do not apply to an acquisition or a displacement.
 5. _____ will prepare a specific Relocation Plan in the event that funding is requested for a project where it is known that displacement will occur.

ATTEST/WITNESS

(Typed Name of Chief Elected Official)

(Signature)

This Anti-Displacement Plan is hereby adopted by _____
on _____, 20____. It is effective for a 5 year period until _____.

3/2015

**MARYLAND COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
PROGRAM INCOME RE-USE PLAN**

Phone: _____ **Email:** _____

- 1. Discuss proposed project and activities:**
- 2. How do you envision Program Income being earned?**
- 3. Describe the need for continuing the same activity which generated the program income and how the proposed use of program income will address the need in a timely manner.**

4. Describe how the Grantee will ensure the activities undertaken with program income will be in accordance with this plan.
5. Describe how the Grantee will ensure the activities undertaken with program income will meet a national objective and will comply with all applicable Federal and State regulations and requirements.
6. Provide an anticipated time frame for program income receipts and expenditures.
7. Describe the administrative procedures of the Grantee for collecting, distributing, accounting and reporting the program income.
8. Describe how the Grantee will assure that all unexpended funds will be returned to the State in the event the State finds evidence of fraud, waste, mismanagement, and/or substantial non-compliance with the *Program Income Re-Use Plan*.

NOTE:

If approved, a Resolution will be required from the local government indicating repayment of program income funds if disallowed by the State or HUD.

Program Income Administrative Procedures must be approved by the State prior to disbursement of grant funds.

A Program Income Annual Report will be submitted if program income is anticipated or received from this or any previously funded CDBG grant.

• • • Exhibit G • • •

MARYLAND COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
Certification Regarding Debarment and Suspension

Instructions

All CDBG grantees will be required to do debarment checks on all subrecipients and anticipated contractors receiving CDBG funds. This applies to labor contractors, engineers, consultants, architects, etc. These checks will be completed by using the form provided. The completed form should be placed in your CDBG records in a separate folder.

For proposed subrecipients, the checks must be completed prior to submission of the application. Upon award of grant funds, the checks must be completed by you prior to signing a contract for services.

Note: Debarment checks for construction contractors will still be completed by the CDBG Labor Standards Officer.

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 7 CFR Part 3017, Section 3017.510, Participants' responsibilities. The regulations were published as Part IV of the January 30, 1989 Federal Register (pages 4722-4733).

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
 - Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective shall attach an explanation to this proposal.

Grantees should use the System for Award Management (SAM) web-site to determine if the potential contractor or engineering firm is excluded from receiving Federal contracts. The web-site can be found at www.sam.gov .

MARYLAND CDBG PROGRAM

Contractor Debarment Check

Name of Contractor _____
(Legal)

Contractors Address _____

Date Debarment Check Completed _____

CERTIFICATION SIGNATURE:

SIGNATURE: By signing this Certification page, you certify that you performed the necessary actions to complete the debarment check and certifying that this contractor is not debarred or suspended.

Grantee Name: _____

Program Name: Maryland CDBG Program

Chief Elected Official or Designee: _____

Signature: _____

Date: _____

(Signed Certifications are to be kept in CDBG project files)

April 2, 2013

• • • Exhibit H • • •
Sample
AFFORDABLE RENT STANDARD

The State of Maryland provides Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD) to eligible grantees and their developers for the development of rental housing. As a recipient of CDBG funds for the SPECIFIC ACTIVITY (acquisition of land for the construction) for SPECIFIC PROJECT NAME, the Commissioners of Block County must certify that we will comply with requirements to ensure these units are affordable for low and moderate income persons. As such, the County must adopt and maintain an Affordable Rent Standard.

(CHOOSE THE SECTION BELOW THAT APPLIES TO YOUR PROJECT)

Section 1:

For projects assisted with other state and/or federal affordable housing funding, the contract rents for those units may not exceed the Fair Market Rents established annually for the County by HUD or the rent standards published by the state or federal funding agencies. The rents for these units must remain affordable for the defined term required by the other funding source (or the CDBG term, whichever is greater.)

OR

Section 2:

For projects that do not include other state and/or federal affordable housing funding, the contract rents for those units may not exceed the Fair Market Rents established annually for the County by HUD. The rents for these units must remain affordable for ____ years after occupancy date. The County shall enforce this requirement with a lien with the developer of the property,

Rents may be increased on an annual basis at the time of lease renewal consistent with changes in the rent standard for the project, but in no case will the project owner be required to reduce rents. Rents must be checked annually by the County.

Approved on this date _____

(Board /Council name)
(Jurisdiction)

By: _____
(Mayor/President)

• • • Exhibit I • • •

**MARYLAND COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
Revolving Loan & Program Income Funds Status Report**

Grantee: _____

Administrator: _____ **Contact Name & #:** _____

Please provide information for previously established revolving loans and program income accounts. If you have more than one, please provide information separately for each. This applies to economic and community development funds.

Program Income on Hand

Balance of Funds: _____ **as of** _____

Generated from which Grant(s)? _____

Please provide a narrative describing activity during the past year, if no activity has occurred, please provide reasons why:

Please advise what your plans are to encourage activity:

Maryland Community Development Block Grant Program
Application Checklist

Attachment	Required Submission ?	Included ?
Anti-Displacement Plan	Only if new plan	
Citizen Participation Plan	Only if new plan	
Copy of Applicant's audit	Only if new applicant	
Clearinghouse Submission	Yes	
Copy - Commitment letters from other funding sources	Yes	
Copy - Rejection letters from other funding sources	Yes	
Copy – Relevant sections of plans as required under Part D	Yes	
Copy - Survey Approval Letter	If Applicable	
Cost Estimates	Yes	
Debarment Check	Only if issues	
Fair Market Rent Policy	Only if application for rental housing	
Form - Status of Revolving Loan Fund Program and/or Housing Revolving Fund Program	Only if jurisdiction has program(s)	
Local Resolution	Yes	
Map	Yes	
Map of the area showing areas of minority concentration, LMI concentration and other assisted housing in the area	Only if application for new housing	
National Objective Worksheet(s)	Yes	
Photographs and CD of Photographs	Yes	
Program Income Re-Use Plan	If applicable	
Public Hearing Minutes	Yes	
Public Hearing Notice	Yes	
Rental Housing Loan Terms and Requirements	Only if application for rental housing	
Statement of Assurances and Certifications	Yes	
Support Letters	Yes	
Original Application and 4 copies (2 copies for Special)	Yes	
Other -		

